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CITIZENS SUMMARY

Findings in the audit of the Fiscal Year 2013 Statewide Single Audit

Single Audit Background	<p>The United States Congress passed the Single Audit Act of 1996 to establish uniform requirements for audits of federal awards administered by states, local governments, and non-profit organizations. The Act requires an audit of the state's financial statements and its use of federal awards.</p> <p>Single Audit guidelines require audit work be conducted on "major" programs and utilize a risk-based approach to determine which specific programs are major. Using this methodology, for the fiscal year ended June 30, 2013 (FY2013), our Single Audit involved audit work on 20 major programs at 9 departments, encompassing \$8.27 billion (69 percent) of the total federal awards spent. The 20 major programs audited also account for approximately 70 percent (\$108 million) of all American Recovery and Reinvestment Act of 2009 (ARRA) funds spent during FY2013. The audit contains 22 findings with 31 recommendations. Several of these findings are summarized below.</p>
2013 Federal Awards	<p>The state spent approximately \$11.96 billion in federal awards through 344 different federal programs during FY2013, including approximately \$153 million in federal ARRA awards expended through 29 programs at 11 state departments. The majority of ARRA funds were expended by the end of FY2013, but some programs will continue to have ARRA expenditures in subsequent fiscal years.</p>
Child Care Eligibility, Payments, and Provider Eligibility DSS	<p>As noted in our three prior audit reports, significant weaknesses still exist in the DSS controls over the Child Care Development Fund eligibility and provider payments. The DSS could not locate eligibility files for 12 percent of cases reviewed, eligibility documentation was not sufficient to support a valid need for childcare for 18 percent of files reviewed, and 33 percent of payments reviewed were not supported by adequate documentation and/or were not in compliance with DSS policies. In addition, for 10 percent of the payments reviewed, providers were paid for more than the child's authorized number of days for the month, and for 13 percent of the payments, providers were paid more than the allowed number of absences and/or holidays. The DSS also lacks adequate controls and procedures to ensure license-exempt child care providers comply with state law. State law does not require child care providers to be licensed if they care for four or less children to whom they are not related. We reviewed 10 license-exempt providers, each caring for between 7 and 22 children, and found that for 80 percent of the providers, the DSS incorrectly classified, or could not substantiate, the relationship between the providers and the related children.</p>
Eligibility and TANF Assistance Payments, Work Participation, and Sanctions DSS	<p>As noted in our two prior audit reports, the DSS-Family Support Division (DSS-FSD) paid Temporary Assistance for Needy Families (TANF) benefits to some recipients who may not have been eligible or were ineligible for the full amount of TANF payments received. We noted concerns for 8 percent of recipients reviewed. In addition, for 50 percent of TANF cases flagged for non-cooperation we tested, either the Child</p>

Support Enforcement Unit did not promptly notify the DSS-FSD of the non-cooperation, or the DSS-FSD did not act to sanction the recipient upon notification. Also, as noted in the three prior audits, the DSS-FSD was not in compliance with certain work activity reporting requirements contained in the Work Verification Plan. For 33 percent of recipients tested, the work participation hours were not documented, not verified, and/or not reported correctly. The DSS-FSD still lacks adequate procedures to ensure Missouri Work Assistance contractors notified the DSS-FSD when TANF recipients failed to meet work participation requirements, and 15 percent of recipients tested were not properly sanctioned for noncompliance.

Foster Care Reimbursements, Coding, and Allocations DSS	Coding errors by the DSS-Division of Finance and Administrative Services (DFAS) and Children's Division (CD) went undetected, causing some payments to residential facilities to be allocated to the Adoption Assistance program instead of the Foster Care program. The DFAS also claimed some federal costs at an incorrect rate and, as reported in two previous audit reports, continues to reimburse training costs without sufficient documentation to show they were allowable Foster Care training.
Medicaid Home and Community Based Services Eligibility Redeterminations DHSS	As noted in the three prior audits, the Department of Health and Senior Services (DHSS)-Division of Senior Disability Services (DSDS) does not ensure annual reassessments are performed, as required, to determine continued need of services of Home and Community Based Services recipients. The DHSS-DSDS did not perform annual reassessments for 54 percent of the cases reviewed which required a reassessment.
Pharmacy Reimbursement Allowance Tax and Report Reviews DSS	Due to a data entry error, the DSS-MO HealthNet Division (MHD) failed to properly assess one of the reviewed pharmacies taxes of at least \$104,646. In addition, the DSS-MHD does not have effective controls for reviewing some reports to ensure compliance with enrollment requirements of the Medicare Buy-In program or certain claims processing requirements of the Medical Assistance Program.
Reporting and Subrecipient Monitoring DPS	The Department of Public Safety (DPS)-State Emergency Management Agency (SEMA) did not report subawards of the Disaster Grants-Public Assistance (PA) program as required by the Federal Funding Accountability and Transparency Act. In addition, the SEMA does not adequately document reviews performed of subrecipients' expenditures charged to the PA program.
Child Support Enforcement DSS	A county billed the DSS-FSD for unapproved personnel severance costs, and the FSD failed to identify the unallowable costs or require the county to provide supporting documentation for the \$200,960 claimed. The DSS-DFAS also incorrectly recorded costs from one vendor invoice for call center services, resulting in unallowable costs charged to the program.
Medicaid Cash Receipt Controls DSS	The DSS-MHD does not have adequate controls over cash receipts. The DSS-MHD did not restrictively endorse checks and money orders immediately upon receipt or deposit receipts in a timely manner and did not adequately restrict user access within the cash receipts and accounts receivable modules of the Medicaid Management Information System.

Because of the compound nature of this audit report, no overall rating is provided.